

## FREQUENTLY ASKED QUESTIONS – 2021 COMPACT

### Why is the Compact 30 years in length?

The 30-year term provides additional security for the Tribe's significant, promised capital investments on its Hollywood reservation and to support its new sports betting operation.

### How does the State's revenue in this Compact compare to the revenue promised under the 2010 Compact?

In general, the Compact provides the State with a higher percentage of shared revenue than the 2010 Compact for each in-person covered game (i.e., slots, blackjack, craps, roulette), in addition to the new shared revenue for sports betting operations. The following table illustrates the new revenue share agreement:

<b>REVENUE SHARE TO THE STATE (% OF NET WIN)</b>	
<b>2010 Compact</b>	<b>*NEW* 2021 Compact</b>
<u><b>ALL COVERED GAMES</b></u> \$0-\$2 billion = 12% \$2-\$3 billion = 15% \$3-\$3.5 billion = 17.5% \$3.5-\$4 billion = 20% \$4-\$4.5 billion = 22.5% \$4.5 billion and more = 25%	<u><b>TABLE GAMES</b></u> \$0-\$1 billion = 15% \$1-\$1.5 billion = 17.5% \$1.5-\$2 billion = 22.5% \$2 billion and more = 25%
	<u><b>SLOTS, RAFFLES, &amp; DRAWINGS</b></u> \$0-\$2 billion = 12% \$2-\$2.5 billion = 17.5% \$2.5-\$3 billion = 20% \$3-\$3.5 billion = 22.5% \$3.5 billion and more = 25%
	<u><b>SPORTS BETTING</b></u> Direct Net Win from Tribe Marketing = 13.75% Indirect Net Win through Parimutuels = 10%

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### **Could the State have received a higher revenue rate from the Tribe?**

Not likely. Under the federal Indian Gaming Regulatory Act (IGRA), a state may only receive revenue from an Indian tribe if the state makes “meaningful concessions” in return. *Rincon Band v. Schwarzenegger*, 602 F.3d 1019 (9th Cir. 2010). Accordingly, once the Seminole Tribe had the right to operate certain games under the 2010 Compact, the State cannot simply demand a higher percentage of revenue from those games. The only way to get additional revenue is for the State to offer the Tribe a new commensurate benefit, such as exclusivity over new forms of gaming. In this new Compact, the Tribe agreed to increase its revenue share rates for the in-person gaming in exchange for exclusivity on sports betting, while also paying the State an above-average revenue share rate on sports betting. The Tribe also made significant concessions to the benefit of Florida pari-mutuel operators.

### **Does the authorization of online sports betting violate Amendment 3 (Art. X, s. 30)?**

Amendment 3 prohibits the expansion of casino gambling without a citizens’ initiative to amend the Constitution. But Amendment 3 expressly exempts tribal-state compacts from its scope pursuant to IGRA. Numerous tribal-state compacts have been enacted under IGRA that include online gaming, so there is a strong argument that the Compact cannot violate Amendment 3 merely by allowing the Seminole Tribe to access its exclusive customer base via modern technology in accordance with the Compact and IGRA. The main concern is whether online gaming is considered gambling “on tribal lands.” Art. X, s. 30, Fla. Const. But decades of legal decisions have affirmed that remote bets are deemed to take place where the bet is either accepted or rejected – in this case, the location of the servers on tribal lands.

### **What happens, however, if a court invalidates online sports betting as a violation of Amendment 3?**

Only the sports betting revenue will cease, along with the online sports betting itself. The Tribe will continue to fully pay revenue to the State for its other gaming activities on tribal lands, which amount still exceeds the revenue promised to the State under the 2010 Compact. This contingency was key to the deal.

### **What happens if a future citizens’ constitutional amendment were to allow other sports betting companies to compete with the Tribe in Florida?**

Only the sports betting revenue will cease. The Tribe will continue to fully pay revenue to the State for its other gaming activities on tribal lands, which amount still exceeds the revenue promised to the State under the 2010 Compact.

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### **How does the State's 13.75% revenue share on sports betting compare to other states' revenue for sports betting?**

After the U.S. Supreme Court struck down the federal law prohibiting sports betting in 2018, more than 20 states have legalized some form of it. Most states receive revenue between six and fifteen percent from sportsbook operators. No Indian tribe has agreed to pay more than 13.75% (Connecticut). And Florida is uniquely governed by Amendment 3.

*Indian Compact Rates:* Michigan (3.78%), Arizona (8%), Connecticut (13.75%), **Florida (13.75%)**

*Non-state operators:* Michigan (3.78%), Iowa (6.5%), Nevada (6.75%), Arizona (8%), Indiana (9.5%), Colorado (10%), District of Columbia (10%), West Virginia (10%), Mississippi (12%), Arkansas (13%), New Jersey (13% online, 8.5% in-person), Connecticut (13.75%), **Florida (13.75%)**, Illinois (15%), Virginia (15%), Tennessee (20%), Pennsylvania (34%)

*State-run betting through Lottery:* Delaware (50%), Montana, Oregon, Rhode Island (51%)

*Private monopoly:* New Hampshire (51%, DraftKings monopoly)

*Private duopoly:* New York (TBD online, 10% in-person)

### **Does the Compact lead to online casino gambling?**

No. Online casino gambling remains illegal under state law. As such, online casino gambling would not be permitted under IGRA. 25 U.S.C. § 2710(d)(1)(B). Current advertisements suggesting the Compact will lead to “slot machines on cell phones” are false and deceptive. Online casino gambling could not be added in the future without a new agreement and ratification by the Legislature.

### **What happens if the State does not negotiate in good faith for online casino gambling in 3 years?**

Nothing. The language in the Compact pledging the State to negotiate in good faith within 3 years is a sign of good will between the State and the Tribe. But there is no enforcement mechanism should the State or Tribe believe the other side is not negotiating in good faith. Part XVIII.A of the Compact clearly states the Tribe cannot bring a lawsuit over a violation of the “good faith” pledge.

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### **Does the Compact authorize new slot machine facilities in Broward County or Miami-Dade County?**

Besides the three new Tribal facilities on the Tribe's Hollywood reservation, the Compact does not authorize any new slot machine facility or allow parimutuel slot machine licenses to relocate. It defers to the Legislature and to Florida law. In other words, the issuance and relocation of slot machine licenses off Tribal lands continues to be governed and limited by the Florida Statutes.